



DATE: May 17, 2013

TO: Thomas J. Bonfield, City Manager

THROUGH: Wanda S. Page, Deputy City Manager

FROM: Bertha T. Johnson, Director of Budget & Management Services
Jim Reingruber, Principal Budget Analyst

RE: Request to amend the FY2012-13 Budget and other grant project ordinance amendments, internal service funds spending plan, a resolution for using contingency funds, and acceptance of a donation.

EXECUTIVE SUMMARY

In the course of the fiscal year, certain adjustments to the operating budget ordinance are necessary. This is the third and final such amendment for FY 2012-13. In addition to an operating budget amendment, this item includes several grant project ordinance amendments, a change to the internal service funds spending plan resolution, and a resolution to use city contingency funds. It also includes an action to accept a donation.

RECOMMENDATIONS

The Administration recommends the City Council adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2012-13, the same being Ordinance #14302 to move dedicated housing fund financial activities from the General Fund to the new Dedicated Housing special revenue fund, and to move restricted fund balance from the general fund to a capital projects fund.

The Administration recommends the City Council adopt the 2010-2011 US Department of Housing and Urban Development: Emergency Shelter Grant (ESG) GPO Superseding GPO #13980.

The Administration recommends the City Council adopt the 2010-2011 US Department of Housing and Urban Development: Community Development Block Grant (CDBG) GPO Superseding GPO #14252.

The Administration recommends the City Council adopt the 2011-2012 US Department of Housing and Urban Development: Community Development Block Grant (CDBG) GPO Superseding GPO #14255.

The Administration recommends the City Council adopt the 2008-2009 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #13994.

The Administration recommends the City Council adopt the 2011-2012 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #14256.

The Administration recommends the City Council adopt the 2012-2013 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #14263.

The Administration recommends the City Council adopt the 2012-2013 Transit Planning and Capital GPO Superseding GPO #14294.

The Administration recommends the City Council adopt a Resolution superseding Resolution #9835 to amend the Risk and Employee Insurance Internal Service Funds Fiscal Year 2012-13 Financial Plans for the purpose of appropriating sufficient fund balance to cover a settlement.

The Administration recommends the City Council adopt a Resolution authorizing the expenditure of up to \$13,317.00 of the General Fund Contingency for the replacement of a monitor in the Committee Room, and for the payment of membership dues to the Triangle J Council of Governments.

Finally, the Administration recommends that the City Council accept the donation by Cricket Communication of \$5,000.00 for the Bimbé Cultural Arts Festival.

BACKGROUND

Any time an ordinance requires change, the revisions require City Council approval. Budget and Management Services typically brings two to four budget amendments forward each year. Two previous amendments were done in November 2012 and February 2013 which included amendments to the operating budget, several grant project ordinances, capital improvements project ordinances, and the internal service fund spending plan resolution. Budget and Management Services attempts to combine amendments and small grants in a single agenda item for efficiency.

ISSUES/ANALYSIS

The following amendments are included:

As part of the 2012-13 budget process, Council approved a one-cent increase to the property tax rate to be dedicated to housing needs. The \$2,374,654.00 originally budgeted for this purpose was placed in the general fund. After further research, the City's Finance Department decided

that a special revenue fund could be created to handle these yearly appropriations. Separating this funding stream into its own fund has several advantages including better transparency, and the accumulation of any fund balance separate from the general fund, thereby eliminating the need for carryovers from year to year. This amendment officially moves the revenue and expense budgets of \$2,374,654.00 from the General Fund to the new special revenue Dedicated Housing Fund. The General Fund is also appropriating \$502,995.00 from restricted fund balance and transferring those funds to a capital projects fund. This amount accumulated over a few years from interest earnings in a restricted cash account reserved for capital projects, and this transaction will distribute the amount to the capital projects.

The Department of Community Development is amending several grant project ordinances (GPOs). These are being amended for various reasons. The FY 2012-13 HOME GPO was estimated before the actual award was received. An additional \$1,147 was awarded, so the GPO is being amended accordingly. The FY 2011-12 HOME and FY 2010-11 and FY 2011-12 CDBG GPOs are being amended as the actual program income amounts received exceeded the amounts originally estimated in the earlier GPOs. This adds \$170,306.08 to the 2011-12 HOME GPO, \$0.94 to the 2010-11 CDBG GPO, and \$28,855.70 to the 2011-12 CDBG GPO. The 2008-09 HOME allocation actually was \$149,222.15 less than the original GPO estimated. This amendment corrects that amount. Finally, the 2010-11 ESG GPO decreases the appropriation by 20 cents to match the actual amount.

The Department of Transportation is amending the 2012-13 Transit Planning and Capital GPO to adjust for the actual amount of the award. The overall amount is increasing by \$95,107.00.

The Risk Fund is appropriated through a spending plan resolution. A settlement during the current fiscal year has necessitated additional spending authority. The budget is being increased by \$1.5 million to accommodate the need.

The General Fund contains a contingency account which by statute requires a Council Resolution to use. Two needs have surfaced requiring use of the contingency. A monitor in the Committee Room needed to be replaced at a cost of \$1,817, and the membership dues for the Triangle J Council of Governments was mistakenly omitted from the budget and costs \$11,500.00. Those two items total \$13,317.00 which is the requested amount specified in the resolution.

Finally, Parks and Recreation received a \$5,000.00 donation from Cricket Communication for sponsorship of the Bimbé Cultural Arts Festival. This action simply has Council formally accept the donation.

ALTERNATIVES

If the City Council does not approve these amendments, the ordinances will be incorrect.

FINANCIAL IMPACT

The approval of this budget amendment will appropriate \$502,995.00 from the General Fund fund balance, but the portion is in restricted fund balance so does not affect undesignated fund balance. General Fund property taxes are decreased by the \$2,374,654.00 originally adopted budget for the dedicated penny for Housing. The General Fund is also decreasing by an equal amount in budgeted expenses. These funds are moving directly to the new Dedicated Housing Fund, so the housing related transactions have no tangible impact on the overall budget.

The numerous Grant Project Ordinances do not materially affect current year activities. Most are just technical corrections. The Transit grant will require an increase in the match amount from the Transit fund, but that will be more than offset by eligible costs that can be charged to the increased grant funding.

The increase in the Risk Fund comes from that fund's fund balance which is sufficient to cover it and still maintain healthy reserves.

The use of the General Fund contingency spends \$13,317.00 of the remaining \$17,188.00 in that account, leaving \$3,871.00. An earlier resolution allowed \$7,812.00 to be used to increase the Council car allowance to \$200.00 per month. The contingency account originally had \$25,000.00 budgeted for FY 2012-13.

The \$5,000.00 donation from Cricket Communication allowed for their sponsorship of the Bimbé Cultural Arts Festival. These funds were used to enhance the festival and the donation did not require any additional commitments from the City.

SDBE INFORMATION

Not applicable.

ATTACHMENTS:

- Budget Ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2012-13, the same being Ordinance #14302.
- 2010-2011 US Department of Housing and Urban Development: Emergency Shelter Grant (ESG) GPO Superseding GPO #13980.
- 2010-2011 US Department of Housing and Urban Development: Community Development Block Grant (CDBG) GPO Superseding GPO #14252.
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- 2008-2009 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #13994.
- 2011-2012 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #14256.
- 2012-2013 US Department of Housing and Urban Development: HOME Consortium Program GPO Superseding GPO #14263.
- 2012-2013 Transit Planning and Capital GPO Superseding GPO #14294.
- Resolution superseding Resolution #9835 to amend the Risk and Employee Insurance Internal Service Funds Fiscal Year 2012-13 Financial Plans.
- Resolution authorizing the expenditure of up to \$13,317.00 of the General Fund Contingency.